

## **VOLUNTARY WITHDRAWAL APPLICATION**

To avoid delays in processing your application, please follow the instructions. Items 1-5 are required to process your request:

All boxes in the “Member Data” section must be complete. The Social Security number must match TRF records.

1. The “Distribution Information” section must be complete.
2. Review the “Optional State of Indiana Withholding” section.
3. Review the “Special Tax Notice” section that offers basic explanations regarding
4. potential tax implications.
5. Read and sign the “Member Affidavit” section. A Notary Public must witness, sign and notarize your signature.

You are responsible for forwarding checks to an IRA or qualified plan. In addition, be advised refund checks will be mailed to the address on file.

For balance information, please refer to our website or your most recent quarterly statement. You may also contact our office at (317) 232-3860 or toll free at 1-888-286-3544.

Sincerely,

The Indiana State Teachers’ Retirement Fund



# *Application for Voluntary Withdrawal from the Indiana State Teachers' Retirement Fund*



## **INSTRUCTIONS**

You should review all material included in this application before completing the application. This material includes a section entitled "Special Tax Notice" that offers basic explanations on the potential tax consequences arising from your withdrawal from the Fund. If you have further questions about these potential tax consequences, you should seek counsel from a qualified tax advisor. After you have completed the "Application for Voluntary Withdrawal", please return the form to the Fund at:

**Indiana State Teachers' Retirement Fund  
150 West Market Street, Suite 300  
Indianapolis, IN 46204-2809**

**Attn: Withdrawal Application**

You should retain the "SPECIAL TAX NOTICE" for future reference. If this application is properly completed, it will be processed in six (6) to eight (8) weeks. Any questions regarding the form or its processing status should be directed to the Fund's Member Service Center, available via our toll-free telephone number at (888) 286-3544 or (317) 232-3860.

## **WHO MAY WITHDRAW HIS / HER MONEY FROM THE FUND**

A member may withdraw from the Indiana State Teachers' Retirement Fund (Fund) if **ALL** of the following conditions are met:

1. The member has terminated teaching service in the public schools of the State of Indiana; AND
2. The member is not currently qualified by service and age for retirement benefits from the Fund ( this provision includes "early" retirement); AND
3. The member is not on a leave of absence; AND
4. The member is not planning to return to teaching service in the State of Indiana public school system during the next academic school year; AND
5. The member is not currently employed in a position covered either by PERF or TRF and is not service and age eligible for retirement with combined PERF/TRF service. (This provision includes "early" retirement).

## **NOTICE FOR MEMBERS WITH LESS THAN TEN YEARS OF CREDITABLE SERVICE**

A member's account is automatically suspended if he/she has not worked in a covered position in the last 5 years.

- Five years after suspension of membership, interest and earnings cease to accrue in a member's annuity savings account. The money in a member's annuity savings account reverts to the Fund unless it is claimed by the former member. If the member's annuity savings account is not claimed within three years following the member's death, the money permanently reverts to TRF.
- **Members who withdraw from TRF may not reclaim their prior service credit unless they have returned to regularly employed service in the State of Indiana public school system for one (1) full year of creditable service**

## **NOTICE FOR MEMBERS WITH TEN OR MORE YEARS OF CREDITABLE SERVICE**

- If you have ten (10) or more years of creditable service in the Fund, you will be entitled to a retirement benefit if your money is left in the Fund. The qualifying age for receipt of this benefit has been established in the laws governing the Fund.
- If you leave your money with the Fund, it is eligible to accrue interest and earnings that would increase your retirement benefits.
- You may withdraw your contributions with any accumulated interest and earnings at any point before you reach the qualifying age.
- **If you withdraw your money, your right to retirement benefits will be restored only if you return to active teaching service AND earn a minimum of one year of creditable service.**

## **MANDATORY FEDERAL INCOME TAX WITHHOLDING**

- Taxable amounts withdrawn from TRF are subject to twenty-percent (20%) mandatory federal income tax withholding unless you elect to roll over the taxable amount into a qualified Individual Retirement Account (IRA) or other qualified plan.
- The *Tax Reform Act of 1986* imposes an additional 10% tax penalty on the taxable amount of the withdrawal if you are under the age of 55 in the year you terminate service, unless you elect to roll over the taxable amount into a qualified IRA or other qualified plan.

**(CONTINUED ON THE NEXT PAGE)**



## Application for Voluntary Withdrawal

State Form 18521 (R15/2-03)

Form approved by State Board of Accounts, 2003

### PRIVACY NOTICE

Your Social Security Number is being requested pursuant to IRS Code § 3405. Disclosure is mandatory and this document cannot be processed without it.

Indiana State Teachers' Retirement Fund  
150 West Market Street, Suite 300  
Indianapolis, IN 46204-2809

Telephone: (317) 232-3860  
(888) 286-3544 [Toll-Free]

Internet: [www.in.gov/trf](http://www.in.gov/trf)

### **WITHDRAWING MEMBER**

**Once completed, return to the Fund for processing, which should take 6 to 8 weeks.**

### MEMBER DATA

Social Security Number		TRF Number	Date of Birth (mm/dd/yyyy)
First Name	Middle Initial	Last Name	
Home Address			Home Telephone Number
			Business Telephone Number
City	State	Zip Code	

### DISTRIBUTION INFORMATION

**I elect a complete distribution of my Annuity Savings Account as follows:**

**SELECT ONE (1) FROM TAXABLE AND ONE (1) FROM NON-TAXABLE COLUMN**

#### TRF Taxable Portion

Direct Rollover

Paid Directly to me (less withholding)

Partial Rollover in the amount of

\$ \_\_\_\_\_, balance (less withholding)  
paid to me.

#### TRF Non-Taxable Portion

Direct Rollover

Paid Directly to me

Partial Rollover in the amount of

\$ \_\_\_\_\_, balance paid to me.

### COMPLETE ONLY IF YOU SELECT A ROLLOVER

**Taxable Portion** \_\_\_\_\_  
*Name of Eligible 401(a), 403(b), or governmental 457(b) Retirement Plan or Traditional IRA*

**Non-Taxable Portion** \_\_\_\_\_  
*Name of Eligible Defined Contribution Plan or Traditional IRA*

*(This must be the complete name of the Eligible Plan or Traditional IRA as reported by the trustee to the IRS).*

### OPTIONAL STATE OF INDIANA TAX WITHHOLDING

Indiana income tax withholding for Indiana citizens is **optional** on payments from the Fund. If you wish to have Indiana tax withheld at this time, the Indiana tax rate is 3.4%. If you do not select a box below, no deduction will be withheld.

**Do you wish to have money withheld for Indiana income taxes, from the taxable portion of your Annuity Savings Account, which you elected to have paid directly to you? (check one)**      Yes      No

**(CONTINUED ON NEXT PAGE)**

**NAME CHANGE INFORMATION**

Old Name	New Name
I, the undersigned, hereby affirm that there is not fraudulent intent in the decision to change my name. It is my wish from this day forward, my retirement account at the Indiana State Teachers' Retirement Fund be maintained under this new name as listed above.	
Signature for name change (member must sign here)	Date (Month, Day, Year)

**EMPLOYMENT INFORMATION (PRIOR INDIANA TEACHING POSITIONS ONLY)**

Name of School Corporation	Dates Employed	Name of School Corporation	Dates Employed
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**MEMBER AFFIDAVIT**

I hereby declare that I am a member of the Indiana State Teachers' Retirement Fund;

I make the acknowledgements and certifications set forth in the "DISTRIBUTION INFORMATION" and "OPTIONAL STATE OF INDIANA TAX WITHHOLDING" sections;

I have left service in the public school system of the State of Indiana;

I further declare that I am not currently qualified both by age and service for retirement benefits from either this Fund or the Public Employees' Retirement Fund;

I certify that I am not planning to return to teaching service in the State of Indiana public school system during the next academic school year;

I further declare that if I have ten or more years of creditable service, I understand that I am forfeiting my right to receive retirement benefits by withdrawing from the Fund unless I subsequently comply with the requirements for restoration of my creditable service.

Having been duly sworn on oath, I declare that **ALL** of the following apply:

- ~ I am the individual applying for withdrawal from the Indiana State Teachers' Retirement Fund;
- ~ I have personally prepared this application; AND
- ~ The information that I have supplied is true to the best of my knowledge and belief.

Printed Name of Applicant	Signature of Applicant	Date
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**NOTARY CERTIFICATION**

STATE OF _____	SEAL
COUNTY OF _____	
Subscribed and sworn to (or affirmed) before me on this, the _____ day of _____, 20_____.	
Signature of Notary Public	Printed Name of Notary Public (REQUIRED BY INDIANA LAW)
Date subscribed and sworn	County of Notary's Residence
	Date of Notary Commission Expiration

**CERTIFICATION OF EMPLOYING OFFICIAL**

If you taught in the Indiana public school system within the **last three years**, you must forward this application to the last Indiana public school at which you worked. That organization will complete the application and forward it to the Fund.

**Employing Unit:** If this application has been forwarded to you, please complete the application by filling in the boxes below. After completion, please forward the application to the Indiana State Teachers' Retirement Fund. Thank you for your cooperation.

I hereby certify that \_\_\_\_\_, Social Security Number \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_, left the service of the school system on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. This person is no longer employed by us.

Employer School Unit Name	Employer School Unit Number	Telephone
Printed Name / Authorizing Official	Signature Treasurer / Authorized Official	Date Signed

**Office Use Only**

Date of payment \_\_\_\_\_ Int. \_\_\_\_\_

Date of Audit \_\_\_\_\_ Int. \_\_\_\_\_

# SPECIAL TAX NOTICE REGARDING PAYMENTS

This notice contains important information you will need before you decide how to receive your TRF benefits.

This notice is provided to you by the Indiana State Teachers' Retirement Fund ("TRF") because all or part of the payment that you will soon receive from TRF may be eligible for rollover by you or TRF.

If you have additional questions after reading this notice, you can contact TRF at (317) 232-3860 or toll free at (888) 286-3544 or go to the TRF Web site [www.in.gov/trf](http://www.in.gov/trf).

## SUMMARY

There are two ways you may be able to receive a TRF payment that is eligible for rollover:

- (1) certain payments can be made directly to an ELIGIBLE RETIREMENT PLAN that will accept it ("DIRECT ROLLOVER"), or
- (2) the payment can be PAID TO YOU.

An ELIGIBLE RETIREMENT PLAN is

- (1) A traditional IRA. A traditional IRA does **not** include a Roth IRA, SIMPLE IRA or Coverdell Education Savings Account (formerly known as an education IRA).
- (2) Another qualified employer plan under Code section 401(a) or an annuity plan under Code section 403(a) that accepts your rollover.
- (3) An annuity contract described in Code section 403(b) that accepts your rollover.
- (4) An eligible deferred compensation plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or local governmental entity and which agrees to accept your rollover and separately account for amounts transferred into such plan from the TRF plan.

If you choose a *DIRECT ROLLOVER*

- (1) Your payment will not be taxed in the current year and no income tax will be withheld.
- (2) Your payment will be made directly to an ELIGIBLE RETIREMENT PLAN.
- (3) The taxable portion of your payment will be taxed later when you take it out of the ELIGIBLE RETIREMENT PLAN.

February 26, 2003

If you choose to have a TRF payment that is eligible for rollover *PAID TO YOU*

- (1) You will receive only 80% of the taxable portion of the payment, because TRF is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- (2) The taxable portion of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you also may have to pay an additional 10% tax.
- (3) You can roll over the payment by paying it to an ELIGIBLE RETIREMENT PLAN within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the ELIGIBLE RETIREMENT PLAN.

If you want to roll over 100% of the payment to an ELIGIBLE RETIREMENT PLAN, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

## **MORE INFORMATION**

- I. *PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER.*
- II. *DIRECT ROLLOVER.*
- III. *PAYMENT PAID TO YOU.*
- IV. *SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES.*

### **I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER**

Payments from TRF may be "eligible rollover distributions." This means that they can be rolled over to an ELIGIBLE RETIREMENT PLAN. TRF will be able to tell you what portion of your payment is an eligible rollover distribution. The definition of an eligible rollover distribution has been changed by the new federal tax law, EGTRRA. We have explained these changes below.

*Payments Spread over Long Periods.* You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for

your lifetime (or your life expectancy), or

your lifetime and your beneficiary's lifetime (or life expectancies), or

a period of ten years or more.

*Required Minimum Payments.* Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own 5% or more of your employer.

## **II. DIRECT ROLLOVER**

A DIRECT ROLLOVER is a direct payment of the amount of your TRF payment to an ELIGIBLE RETIREMENT PLAN. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the ELIGIBLE RETIREMENT PLAN. In addition, no income tax withholding is required for any portion of your TRF payment for which you choose a DIRECT ROLLOVER.

*DIRECT ROLLOVER to a Traditional IRA.* You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to consider whether the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

*DIRECT ROLLOVER to a Plan.* If you are employed by a new employer that has an ELIGIBLE RETIREMENT PLAN, and you want a direct rollover to that plan, ask the Plan Administrator of that plan whether it will accept your rollover. An ELIGIBLE RETIREMENT PLAN that is not a traditional IRA is not legally required to accept a rollover and may choose to accept only certain types of funds as rollovers. If your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount, or may require spousal consent to any subsequent distribution. You should check with the Plan Administrator before making your decision.

*DIRECT ROLLOVER of a Series of Payments.* If you receive a payment that can be rolled over to an ELIGIBLE RETIREMENT PLAN, and it is paid in a series for less than ten years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

## **III. PAYMENT PAID TO YOU**

If your payment can be rolled over under Part I above and the payment is made to you in cash, it is subject to 20% federal income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an ELIGIBLE RETIREMENT PLAN. If you do not roll it over, special tax rules may apply

## ***Income Tax Withholding:***

***Mandatory Withholding.*** If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, TRF is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if you can roll over a payment of \$10,000, only \$8,000 will be paid to you because TRF must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you must report the full \$10,000 as a payment from TRF. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

***Voluntary Withholding.*** If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask TRF for the election form and related information.

***Sixty-Day Rollover Option.*** If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to an ELIGIBLE RETIREMENT PLAN. If you decide to roll over, *you must contribute the amount of the payment you received to an ELIGIBLE RETIREMENT PLAN within 60 days after you receive the payment.* The portion of your payment that is rolled over will not be taxed until you take it out of the ELIGIBLE RETIREMENT PLAN.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the ELIGIBLE RETIREMENT PLAN, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: The portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an ELIGIBLE RETIREMENT PLAN. To do this, you roll over the \$8,000 you received from TRF, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the ELIGIBLE RETIREMENT PLAN. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)



For TRF payments made on or after January 1, 2002, the IRS is permitted to waive the 60-day requirement if the failure to do so would be against equity or good conscience. Examples of such waivers may include cases of casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement (examples include, but may not be limited to, death, disability, hospitalization, incarceration, restrictions imposed by a foreign country, or postal error).

*Additional 10% Tax If You Are under Age 59½.* If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to

- (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55,
- (2) payments that are paid because you retire due to disability,
- (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies),
- (4) payments that are paid directly to the government to satisfy a federal tax levy,
- (5) payments that do not exceed the amount of your deductible medical expenses.

See IRS Form 5329 for more information on the additional 10% tax.

*Special Tax Treatment If You Were Born Before January 1, 1936.* If you receive a payment that can be rolled over under Part I and you do not roll it over to an ELIGIBLE RETIREMENT PLAN, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under TRF (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in TRF for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

*Ten-Year Averaging.* If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

*Capital Gain Treatment.* If you receive a lump sum distribution and you were born before January 1, 1936 and if you were a participant in TRF before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in TRF taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a distribution from TRF (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from TRF. If you roll over your payment to a traditional IRA, you will not be able to use special tax treatment for later payments from the traditional IRA. Also, if you roll over only a portion of your payment to a traditional IRA, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

#### **IV. SURVIVING SPOUSES AND OTHER BENEFICIARIES**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees.

If you are a surviving spouse, you have the same choices as the employee described above. Thus, you may choose to have an eligible rollover distribution, as described in Part I above, paid in a DIRECT ROLLOVER to an ELIGIBLE RETIREMENT PLAN or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an ELIGIBLE RETIREMENT PLAN in the same manner as the employee.

For any TRF payments, if you are a beneficiary other than the surviving spouse, you *cannot* choose a direct rollover, and you *cannot* roll over the payment yourself.

If you are a surviving spouse or another beneficiary, your payment is generally not subject to the additional 10% tax described in section III above, even if you are younger than age 59½.

If you are a surviving spouse or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in section III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in TRF.

#### **HOW TO OBTAIN ADDITIONAL INFORMATION**

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with TRF or a professional tax advisor before you take a payment of your benefits from TRF. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.

#### **IRS TAX NOTICE #93-26**

**PER IRS TAX NOTICE #93-26 WE ARE HEREBY INFORMING YOU THAT YOU HAVE THE RIGHT TO CONSIDER THE DECISION OF WHETHER OR NOT TO ELECT A DIRECT ROLLOVER FOR A PERIOD OF AT LEAST 30 DAYS AFTER THIS NOTICE IS RECEIVED.**